Granduc

GRANDUC MINES, LIMITED

(NON-PERSONAL LIABILITY)

ANNUAL
REPORT
1976

GRANDUC MINES, LIMITED

(NON-PERSONAL LIABILITY)

The Annual General Meeting of the Shareholders will be held on May 6, 1977 at 10:00 A.M. in the Social Suite West of the Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia.

DIRECTORS

G. H. Davenport
W. J. Grismer
Henry L. Hill
J. Norman Hyland
W. H. Love

OFFICERS

J. Norman Hyland, President
W. H. Love, Vice-President
P. I. Conley, Secretary and Treasurer
L. John Creery, Assistant Secretary

AUDITORS

Peat, Marwick, Mitchell & Co., Vancouver

TRANSFER AGENT

Canada Trust Company, Vancouver
and Toronto

HEAD OFFICE

Room 2009, 1177 West Hastings Street,
Vancouver, B.C. V6E 2K3

DIRECTORS REPORT TO THE SHAREHOLDERS

For the year ended December 31, 1976 your Company experienced a loss of $1,148,564 or 37¢ per share compared with a loss of $2,210,815 or 69¢ per share in 1975. This continuation of unprofitable operation results from the depressed market level of copper and the uninterrupted rise in operating costs.

In order to minimize operating losses, the production rate was reduced from 4500 tons per calendar day to 3400 tons daily commencing in the second quarter. This reduction permitted more selective mining methods and an improvement in ore grade. These measures contributed to an improvement in your Company's accrual basis share of defined net proceeds to an amount of $255,163 in 1976 contrasted with a share of loss of $347,024 in 1975, an overall improvement of $602,187.

Under the terms of its Lease Agreement, Granduc Mines, Limited (N.P.L.) receives 22½% of the defined net proceeds of the mine operation. The net proceeds for any period are determined by deducting from the net smelter return received in cash, the operating expenses and capital expenditures incurred during such period. Any deficiency is deductible from future net proceeds. This cash accounting presentation does not reflect a value for the concentrate at the end of each accounting period for which cost has been incurred but full cash settlement not yet received. Commencing in 1973, therefore, your Company instituted an accrual basis of accounting and it is on an accrual basis that 1976 figures are compared with 1975. Further, Granduc's share of unsettled concentrate inventory at the year end is valued at the lower of cost or estimated net realizable value. For both 1976 and 1975, the year end valuation was at estimated net realizable value.

	Year ended December 31, 1976 Accrual Basis	1975 Accrual Basis
Net smelter returns received in cash	$ 21,703,818	$ 19,298,206
Deduct:		
Operating expenses, after inventory adjustments	19,969,889	20,871,129
Capital expenditures	80,550	129,369
B.C. mineral land and capital taxes	519,322	(159,961)
	20,569,761	20,840,537
Excess (deficiency) of net smelter returns over operating expenses, capital expenditures and B.C. mineral land and capital taxes	$ 1,134,057	$ (1,542,331)
22½% share applicable to Granduc Mines, Ltd. (N.P.L.)	$ 255,163	$ (347,024)
Deferred royalty receivable at beginning of year	649,679	1,197,340
	904,842	850,316
Received from lessees	—	200,637
Deferred royalty receivable at end of year	$ 904,842	$ 649,679

Statement of Earnings and Deficit:

The income figure of $255,163 for 1976 is the basis figure in the statement of earnings and deficit. From this income figure is deducted the following costs:

a) The non-cash cost of $1,002,120 for amortization of pre-production expenses and depletion of ore reserves.

b) An accrued cost of $270,518 for interest payable on advances received from ASARCO Incorporated and Newmont Mines Limited, Granduc Operating Division (formerly called "Granduc Operating Company") and for interest payable on notes issued to Hecla Mining Company in connection with the purchase by Granduc of a portion of the Company's outstanding preferred shares owned by Hecla.

c) $156,653 for administrative and corporate costs, maintenance of mineral claims and Province of B.C. Capital Tax.

After these costs, partially offset by interest earned of $25,564, the loss for the year was $1,148,564.

Granduc's Cash Position:

It will be noted from the Statement of Changes in Financial Position that the working capital of the Company was reduced to $94,281 at the year end compared with $225,370 at December 31, 1975.

While Granduc's share of the net cash proceeds of the mine operation was $660,051 in 1976, this total amount was applied against Granduc's share of an accumulated cash loss at December 31, 1975. Thus, Granduc received no cash income in 1976 and its share of the carried forward cash loss was $261,491 at December 31, 1976.

The Mine Operation:

J. H. Parliament, President of Newmont Mines Limited on behalf of its Granduc Operating Division, has provided the Company with a Report of Operations for 1976 and this statement is reproduced in full with this Annual Report.

The mine operating statistics for 1976 compared with 1975 are summarized as follows:

	1976	1975
Tons of ore milled	1,450,545	1,653,018
Average tons of ore treated—per day	3,974	4,529
Average grade of mill feed—% copper	1.26	1.20
Tons of concentrate produced	59,643	65,303
Pounds of copper produced	34,546,706	37,335,782
Average grade of concentrate—% copper	28.97	28.58
Ounces of gold produced	4,904	5,232
Ounces of silver produced	342,379	340,278
Average copper price:		
London Metal Exchange—U.S. ¢ per lb.	63.9	56.5

Ore Reserves:

Total ore reserves calculated by Granduc Operating Division as of December 31, 1976 are 17,957,912 tons averaging 1.68% copper. This is after deducting 1,095,975 tons averaging 1.93% copper extracted from production and development for the year 1976 and after deducting a further 552,566 tons averaging 1.63% copper as unrecoverable.

The practice was continued in 1976 of having periodic reports from an independent consultant with respect to the mine operation, ore reserves and future development of the Granduc ore body. Two such reports were received in 1976 and in each case the consultant advised of a satisfactory and competent mining operation, agreement with the ore reserve calculations and no matters of major concern.

British Columbia Mining Legislation:

As forecast in the 1975 Annual Report the Mineral Royalties legislation was appealed in 1976 by the Social Credit Government of British Columbia which was elected on December 11, 1975. This counter-productive legislation was replaced by taxation on mining operations based on the profitability of such enterprises.

Relevant to this subject of Provincial mining legislation, Granduc Mines, Limited (N.P.L.) together with other British Columbia mining corporations, is a party to a legal action against the Province which seeks to establish the invalidity of certain tax assessments levied under the Mineral Land Tax Act.

The Outlook for 1977:

The Lessees have advised that mining and milling operations in 1977 will continue at the same daily average as in 1976, i.e. approximately 4000 tons per day. To sustain this level, the 1977 development schedule calls for 50 feet per day in ore.

With the 1977 scale of production planned to approximate 1976, any improvement in profitability will depend largely on an increase in the average copper price over the depressed level of 1976.

Following a careful geological study of the Granduc mine, the Lessees have decided to undertake an exploration program to test the possible northward extension of the ore bearing zones above the 2600′ level. This will be a surface operation and will consist of two diamond drill holes, each about 2500′ in length, positioned to provide maximum information on possible ore values and quantities. It is expected that this project will commence as soon as surface snow conditions permit the movement of crews and equipment to the site.

Granduc Mines, Limited (N.P.L.) has planned a minimum program of field work designed to maintain its existing claims and obtain additional data with respect to the Max iron prospect and the Sulphurets copper prospect.

The Annual General Meeting of Shareholders will be held on Friday, May 6, 1977 in the Social Suite West of the Vancouver Hotel at 10:00 A.M. Pacific Daylight Time.

ON BEHALF OF THE DIRECTORS

J. NORMAN HYLAND
President.

Vancouver, B.C.
March 23, 1977

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Granduc Mines, Limited (Non-Personal Liability) as of December 31, 1976 and the statements of earnings and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to the adequacy of future earnings to absorb the amortization of mine development and pre-production expenditure and depletion of mining properties, these financial statements present fairly the financial position of the company as of December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia, Canada
February 4, 1977

Peat, Marwick, Mitchell & Co.
Chartered Accountants

GRANDUC MINES, LIMITED (Non-Personal Liability)
BALANCE SHEET
December 31, 1976 with comparative figures for 1975

	1976	1975
Assets		
Current Assets:		
Cash and short-term bank deposits	$ 142,958	277,123
Accounts receivable	3,257	2,527
Total current assets	146,215	279,650
Deferred royalties receivable (Note 1)	904,842	649,679
Mining properties, at cost (Note 1)	1,065,000	1,065,000
Less accumulated depletion (Note 2)	365,502	322,811
	699,498	742,189
Mine development and pre-production expenditure, less accumulated amortization of $8,214,283 (1975—$7,254,854) (Notes 2 and 3)	15,720,492	16,679,921
	$17,471,047	18,351,439
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 51,934	54,280
Notes payable to shareholder:		
Interest bearing, including accrued interest	1,756,447	1,671,114
Non-interest bearing	614,207	614,207
	2,370,654	2,285,321
Advances from mining companies and accrued interest (Note 1)	4,853,966	4,668,781
Shareholders' equity (Notes 1 and 4):		
Capital stock:		
5½% cumulative redeemable preferred shares of $5 par value per share. Authorized 1,050,000 shares; issued and outstanding 357,000 shares	1,785,000	1,785,000
Common shares of $1 par value per share. Authorized 8,000,000 shares; issued 3,363,022 shares	3,363,022	3,363,022
	5,148,022	5,148,022
Contributed surplus	11,117,487	11,117,487
Deficit, per accompanying statement	(6,071,016)	(4,922,452)
Total shareholders' equity	10,194,493	11,343,057
	$17,471,047	18,351,439

On behalf of the Board:

J. NORMAN HYLAND, Director

W. H. LOVE, Director

See accompanying notes to financial statements.

GRANDUC MINES, LIMITED (Non-Personal Liability)
Statement of Earnings and Deficit
Year ended December 31, 1976 with comparative figures for 1975

	1976	1975
Accrual basis share of defined net proceeds (loss) from operations by lessees at Granduc Mine (Note 1)	$ 255,163	(347,024)
Costs:		
Amortization of mine development and pre-production expenditure (Note 2)	959,429	1,397,970
Depletion of mining properties (Note 2)	42,691	62,204
Exploration and administration costs	112,506	133,865
Province of British Columbia capital tax	44,147	41,223
Interest on notes payable	85,333	92,576
Interest on advances from mining companies	185,185	189,977
	1,429,291	1,917,815
Less interest income	25,564	54,024
	1,403,727	1,863,791
Loss for the year	1,148,564	2,210,815
Deficit at beginning of year	4,922,452	2,711,637
Deficit at end of year	$6,071,016	4,922,452
Loss per common share (Note 5)	$ (0.37)	(0.69)

See accompanying notes to financial statements.

GRANDUC MINES, LIMITED (Non-Personal Liability)

Statement of Changes in Financial Position

Year ended December 31, 1976 with comparative figures for 1975

	1976	1975
Funds provided (required) by:		
Operations:		
Loss for the year	$1,148,564	2,210,815
Less (add) items not affecting working capital:		
Amortization and depletion	1,002,120	1,460,174
Interest on advances and notes	270,518	282,553
Adjustment of accrual income to actual cash received	(255,163)	547,661
Funds provided (required) by operations	(131,089)	79,573
Funds applied to:		
Reduction in notes payable to shareholder	—	313,500
Reduction in advances from mining companies	—	311,000
Total funds applied	—	624,500
Decrease in working capital	131,089	544,927
Working capital at beginning of year	225,370	770,297
Working capital at end of year	$ 94,281	225,370

See accompanying notes to financial statements.

GRANDUC MINES, LIMITED (Non-Personal Liability)
Notes to Financial Statements
December 31, 1976

1. Mining properties:

Under the terms of a lease entered into on October 1, 1965, the lessees, American Smelting and Refining Company and Granduc Operating Company (a wholly-owned subsidiary of Newmont Mining Corporation) have developed and equipped the Granduc Mining property and from March 1, 1971, are obligated to pay the Company 22½% of the net proceeds from the mine, as defined. After 32,500,000 short tons have been milled the percentage is increased from 22½% to 25%.

Not less than 80% of all amounts received from the lessees must be applied against the repayment of the advances from mining companies, the redemption of the preferred shares, and accrued interest and dividends, respectively, on these obligations accruing after March 1, 1971.

The defined net proceeds for any period are determined by deducting from the net smelter returns received in cash the operating expenses and capital expenditures incurred during such period. Any deficiency is deductible from future net proceeds.

The third column of the summary below sets forth the status of such defined net proceeds from March 1, 1971 to December 31, 1976. The first and second columns of the summary set forth the results on an accrual basis for the years 1976 and 1975.

	Year ended December 31, 1976 Accrual basis	1975 Accrual basis	Period from March 1, 1971 to December 31, 1976 Defined net proceeds
Net smelter returns received in cash	$21,703,818	19,298,206	169,048,960
Deduct:			
Operating expenses, after inventory adjustments	19,969,889	20,871,129	142,791,187
Capital expenditures	80,550	129,369	5,505,068
B.C. mineral land and capital taxes	519,322	(159,961)	2,032,751
	20,569,761	20,840,537	150,329,006
Excess (deficiency) of net smelter returns over operating expenses, capital expenditures and B.C. mineral land and capital taxes	$ 1,134,057	(1,542,331)	18,719,954
22½% share applicable to Granduc Mines, Limited	$ 255,163	(347,024)	4,211,990
Deferred royalty receivable at beginning of year	649,679	1,197,340	—
	904,842	850,316	4,211,990
Received from lessees	—	200,637	4,473,481
Deferred royalty receivable at end of year and cash (loss) carried forward	$ 904,842	649,679	(261,491)

2. Depletion and amortization:

Mining properties and mine development and pre-production expenditure are being amortized on the unit of production basis, based upon tons of ore mined. The number of tons used in 1975 in

calculating the amortization rate in that year included an amount which did not represent a reduction in calculated ore reserves. Had this amount been excluded, the provision for depreciation and amortization for 1975 would have been reduced by approximately $210,000.

3. Income taxes:

Under the existing provisions of the Federal and Provincial Taxation Acts the Company will not be liable for federal income taxes and provincial mining taxes until its net earnings exceeds the accumulated mine development and pre-production expenditure.

4. Capital stock:

Accrued dividends on the 5½% cumulative preferred shares amounted to $572,687 at December 31, 1976. The preferred shares are redeemable at any time by the Company at par plus accrued dividends.

5. Loss per common share:

Loss per common share has been calculated by dividing the loss for the year, after providing for dividends on the 5½% cumulative redeemable preferred shares, by the number of common shares outstanding.

6. Statutory information:

The aggregate direct remuneration paid to directors and senior officers of the Company during the year ended December 31, 1976 was $38,478 (1975—$37,774).

NEWMONT MINES LIMITED
GRANDUC OPERATING DIVISION
1400-750 West Pender Street
Vancouver, B.C. V6C 1K3

REPORT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1976

During the year January 1 to December 31, 1976, 34,546,706 pounds of copper were produced from milling 1,450,545 tons of ore with an average grade of 1.26% copper. Eleven shipments of copper concentrates totalling 49,299 dry short tons were made from the Company's port facilities in Stewart. (One half of the concentrates were shipped to Japan during the year and the other half to the U.S.A.)

Continuing measures to minimize operating losses, it was announced in March that the operating rate would be further reduced by 25%, cutting production over a three month period from 4500 tons per calendar day to 3400 tons per calendar day. As part of this cost reduction program, the camp at Tide Lake for single personnel was closed on May 1, 1976.

With this revised plan of operations, the mine development rate was reduced to 20 feet per day compared with the 40 feet per day schedule. In addition, the lowered production rate permitted more selective mining, improving the average grade for the year to 1.26% copper during 1976, compared with an average of 1.20% for 1975. The major development program for mining the reserves below the 2600 level was also affected by this "cut-back". Although the decision point for a shaft-hoist ore handling option was past at the end of the year, the reduced extraction rate deferred a decision on the intermediate trucking—shaft alternative until January, 1979, and the trucking only option until January, 1980.

Production operations were halted for major maintenance projects on July 17 for three weeks. Normal operations resumed on August 9, after the majority of employees took advantage of this shutdown to go on their yearly vacation.

Mine

Underground operations were satisfactory, with work continuing on a 5 day week schedule. The mine supplied 94% of the mill feed from production with the remainder coming from development. Although heavy ground conditions persisted in Block 2, there were indications near the year end that such deterioration was becoming more localized and of lessening concern. As the time gap between development and production narrows in this Block, the openings should remain stable long enough for normal ore recovery.

At the end of the year, Block No. 1 production was coming from the 2885 and 2840 levels, with development active in this Block on the 2750, 2795 and 2840 levels. In Block No. 2, the 3030 and 2985 levels were in production and the 2895 level was being developed. The No. 3 Access Ramp in this block was completed from the 2670 level to the 2760 level.

Beginning in January, 1977, the development schedule calls for 50 feet per day in ore. Efforts were started to build the development crews in November, and a total of four crews were formed by year end.

During the three week maintenance shutdown, one mainline locomotive was completely overhauled and the second was thoroughly checked. The shaft and bearings were changed on the primary crusher. The water diversion ditch near the surface expression of the 'B' ore zone cave was also rehabilitated this summer.

The only significant disruption to mine operations occurred during October when an electrical failure on one of the mainline locomotives resulted in two days of lost production.

Of the total 2399 feet of diamond drilling during the year, 1525 feet were for ore definition, and 874 feet were drilled for placing extentiometers as part of the ground stress monitoring program.

A summary of development work is as follows:

Primary Development Above 2600		
Service Ramps, Drifts, X-Cuts		444 feet
Miscellaneous Raises		61 feet
Raises Bored		0 feet
	Total:	505 feet
Primary Development Below 2600		
	Total:	0 feet
Sub Level Development		
Drifts, X-Cuts		4685 feet
Miscellaneous Raises		148 feet
	Total:	4833 feet
Total Development		5338 feet
Excavations		2520 cu.ft.
Diamond Drilling		
Ore definition above 2600		1525 feet
Ore definition below 2600		0 feet
Other		874 feet
	Total:	2399 feet

A total of 1,445,447 tons of ore were delivered to the underground crusher.

Concentrator

Operating:

Crushing and grinding operations were normal over the first half of the year, with good feed rates and plant availability. During the second half, operations were hampered by the shortage of operators and mechanics, and the inability to fill such vacancies until labor negotiations were completed. Late in the year, down time was required for catching up with maintenance as the crew strength increased. Liner changes on the rod mills accounted for the major amount of this work. Copper recovery for the year was 94.5%, an improvement over 93.4% for 1975. The secondary and tertiary crushers were opened for inspection and overhaul during the three week shutdown, and the concentrate drier was re-bricked.

Metallurgy:

Dry Tons Milled	1,450,545
Dry Tons Milled Per Calendar Day	3,974
Mill Feed Grade—Copper	1.26%
Mill Tails—Copper	0.08%
Concentrate Grade	28.97%
Concentrate Produced—Dry Short Tons	59,643
Copper Recovery	94.5%

Metals Produced in Concentrate:

Pounds Copper	34,546,706
Ounces Gold	4,904
Ounces Silver	342,379

Plant & Mine Facilities

Plant facilities on the surface at Tide and Stewart, and mine facilities underground, continued to operate smoothly. There were no significant power interruptions during the year. By the end of October, all the buildings in the lower camp had been torn down and the site cleared. All this was part of a program to save maintenance costs and fuel, facilitate snow removal, and to remove any hazards of buildings collapsing under snow load. It was found during the year that considerble silt has accumulated at the concentrate loading dock, restricting ship berthing. A dredging program is scheduled for the summer of 1977.

Claims, Leases and Licences

All titles and licences were maintained in good order during the year. The number of mineral claims at year end remained at 239.

Stewart—Tide Road

Snow removal and road maintenance operations passed the test of the 1975-76 winter. Although snowfall was not unusually high, 939 inches recorded at Tide, there were heavy storms during January and February. The road was closed on three occasions. Fortunately, the weekends were involved and only one shift of production was lost. During February, there was a major incident involving a collision between a bus and a concentrate truck. This accident resulted in 5 lost time injuries. Summit Lake emptied during September without any damage to the road by flooding. On November 3 and 4, 24 hours of production were lost due to dangerous road conditions and wash outs caused by unusually heavy rains.

Employee Relations

Meetings to negotiate a new labor contract with the unions representing the hourly workers were started in May, and agreement was reached during mediation during the first week of September. Negotiations with the Office and Technical Employees Union were successfully concluded in October. The unusual duration of the negotiating period reflected the uncertainties in the mind of Labor with Anti-Inflation Board Rulings. Nevertheless, all agreements were for two-year terms and the monetary settlements were within the permissible guidelines of the Anti-Inflation Board.

There were no work stoppages during the year.

Discounting the effect of closing the camp at Tide Lake for single employees, and labor negotiations, employee turnover continued to be low during the year. The average turnover for the last quarter was 4.4% compared with the 5.85% average for 1975.

At year end, 241 out of 279 housing units were occupied or assigned in Stewart. All employees, except for certain key staff members or emergency personnel, now reside in Stewart.

General

On December 30, 1976, Granduc Operating Company and Similkameen Mining Company Limited were combined as divisions into a single company, Newmont Mines Limited.

Respectfully submitted,
J.H. PARLIAMENT
President

February 2, 1977

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Six Months Ended June 30, 1976	June 30, 1975
SOURCE OF FUNDS:		
Net Earnings (loss)	$ (521,114)	$ (855,440)
Add or Deduct non-cash items		
Amortization and Depletion	732,619	707,909
Interest on Advances and Notes	134,519	146,995
Accrual share of mining income less amount received in cash 1976 — nil 1975 — $95,519	(395,550)	38,703
Total Funds Generated (used)	(49,526)	38,167
USE OF FUNDS:		
Reduction of long term debt	—	502,000
Increase (Decrease) in working capital	$ (49,526)	$ (463,833)
Working capital at beginning of period	225,370	770,297
Working capital at end of period	$ 175,844	$ 306,464

Granduc

GRANDUC MINES, LIMITED

(NON-PERSONAL LIABILITY)

Interim Report to Shareholders for Six Months ended June 30, 1976

GRANDUC MINES, LIMITED
(NON-PERSONAL LIABILITY)

To the Shareholders of
Granduc Mines, Limited (N.P.L.)

For the first six months of 1976, your Company incurred a loss of $521,114 or .17 per share. For the same period in 1975 the loss was $855,440 or .25 per share.

While the Company's share of net proceeds from the Granduc Mine increased to $395,550 compared to $56,816 for the six month period in 1975, this revenue was insufficient to cover the provision for amortization and depletion, interest, administrative costs and Province of B.C. corporation tax. The detailed comparison between the two years is contained in the unaudited statement set out on the next page.

In addition to a modestly improved copper price, elimination of the Province of B.C. mineral land tax as from January 1, 1976 has had a positive influence on the six month results. Granduc's share of this cost was $101,579 for the six month period in 1975 but there is no similar provision for the 1976 figures.

Production at the mine continued to closely approximate the levels of 1975. For the six months ended June 30, 1976, 828,474 tons were milled averaging 1.28% copper and producing 19,790,133 pounds of copper in concentrate. For the same period in 1975, the comparable figures were 836,772 tons at 1.19% grade and 18,930,942 pounds of copper.

The mine closed on July 17th for three weeks for employee vacations and to permit major overhaul of mill and mining machinery. Normal operations resumed on August 9th.

We wish to note that as an economy measure your Directors have determined that the Company will discontinue two of the quarterly shareholder letters. As a consequence there will be a six month mid yearly report such as this one and the annual report after year end. Appropriate quarterly releases will, however, continue to be made to the Stock Exchanges, Securities Commission and the financial press.

On behalf of the Directors

J.N. Hyland

J. Norman Hyland
President

August 17, 1976

	Six Months Ended June 30, 1976	Six Months Ended June 30, 1975
REVENUE:		
Accrual basis share of defined net proceeds from operations by Lessee at Granduc Mine	$ 395,550	$ 56,816
COSTS:		
Amortization of mine development and pre-production expenditure	701,413	677,785
Depletion of mining properties	31,206	30,124
Exploration and administrative costs	46,631	63,992
Province of B.C. Capital Tax	21,647	16,923
Interest on notes payable	42,433	48,648
Interest on advances from mining companies	92,086	98,347
	935,416	935,819
Less Interest Income	18,752	23,563
	916,664	912,256
Earnings (loss) before Income Taxes	(521,114)	(855,440)
Income Taxes	—	—
Net Earnings (loss) for the year to date	$ (521,114)	$ (855,440)
Deficit at beginning of year	(4,922,452)	(2,711,637)
Deficit at end of period	$ (5,443,566)	$ (3,567,077)
Earnings (loss) per common share	(.17)	(.25)

Earnings (loss) per common share is after provision for dividends on the outstanding 5½% cumulative redeemable preferred shares.